

1 **RESOLUTION NO.**

2 **WHEREAS**, the City of Austin is one of the largest owners of land within  
3 the Austin area, owning real property throughout its jurisdiction within each of the  
4 ten City Council districts;

5 **WHEREAS**, as the governing body of the City, the City Council is  
6 entrusted with the responsibility and authority to purchase, sell, and lease of real  
7 property on behalf of the City;

8 **WHEREAS**, decades of City plans and multiple City Council-approved  
9 policies have identified vacant or otherwise underutilized City-owned land and  
10 facilities as opportunities to expand community services and generate opportunities  
11 for basic necessities and City Council priorities, such as affordable and family-  
12 friendly housing;

13 **WHEREAS**, the City Council desires to establish a consistent, reliable, and  
14 transparent process that incorporates earlier City Council review, evaluation,  
15 consideration, and approval of real estate transactions and redevelopment  
16 proposals for City-owned land to ensure that the City’s policies and goals are  
17 prioritized within the City’s overall real estate management strategy;

18 **WHEREAS**, earlier City Council input into decisions related to the long-  
19 term use, acquisition, and disposition of real estate will ensure that City Council-  
20 approved policy and community benefits are incorporated into the negotiations of  
21 such transactions before significant staff time and resources are spent on a  
22 proposal;

23 **WHEREAS**, earlier City Council input into decisions can help improve  
24 efficiencies throughout a proposed real estate transaction by ensuring the

25 transaction is consistent with City Council direction at the beginning and avoid  
26 delays at the end of the transaction, when delays can be more problematic;

27 **WHEREAS**, as the stewards of the City’s real property, the City Council  
28 has a responsibility to its taxpayers to obtain the best value, both in terms of price  
29 and efficiency, of the use of the City’s real estate interests;

30 **WHEREAS**, the current City Council seeks to share its institutional  
31 knowledge with future Councils and to formalize some of the process  
32 improvements taken by professional staff in recent years;

33 **WHEREAS**, the following policies are intended to provide a general  
34 framework for the use of City-owned properties, respect the primary functions of  
35 the various City departments, enterprises, and City-owned entities, provide  
36 flexibility when needed, and to align with any legal requirements pertaining to the  
37 funding sources related to the acquisition and/or management of the City facilities;

38 **WHEREAS**, several of the policies contained in this Resolution are  
39 restatements of existing policy or practice, such as favoring ownership over  
40 leasing; these policies are included to ensure that such policies and the progress  
41 made toward achieving them are prioritized in the ongoing management of the  
42 City’s real estate portfolio; and

43 **WHEREAS**, the City Council acknowledges that every property or  
44 development may have unique characteristics, and this Resolution seeks to provide  
45 general guidance to the City Manager, future City Councils, City staff, and  
46 community members to facilitate the transparent, consistent, and efficient oversight  
47 of real estate assets; and

48           **WHEREAS**, the City Council reaffirms its direction in creating the Austin  
49 Economic Development Corporation (AEDC) to receive public property at no cost  
50 to the agency and to determine how best to use the property to provide public  
51 benefits. This Resolution does not apply to public property that has or will be  
52 transferred to the AEDC; **NOW, THEREFORE,**

53 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN**

54           The City Manager shall manage the City’s real estate interests according to  
55 the following City Council-approved policies, nearly all of which restate or build on  
56 previous City Council directives. These policies are intended to apply on a  
57 prospective basis to projects not currently in progress.

58 **Purchases:**

- 59           • **Notify City Council about offers.** Unless the City Manager has entered a  
60 purchase option contract, at the earliest available opportunity, the City  
61 Manager shall tell the City Council about an offer from another  
62 governmental entity or private party to sell property to the City.<sup>1</sup>
- 63           • **Exercise due diligence.** Prior to presenting a proposal to purchase land or  
64 property, the City Manager shall assemble a broad-based team of staff to  
65 assess the applicable land use requirements, including the impacts of legal  
66 covenants, restrictions, or overlays (e.g., the Airport Overlay Zone).

67 **Development/redevelopment of City-owned land:**

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<sup>1</sup> City Manager can share this information via executive session or correspondence. This provision only applies to good faith offers and does not apply to right of way and other property acquisitions made in the ordinary course of business. Existing City policy mandates that the Manager inform City Council within two days of any opportunities to purchase state land.

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- **Earlier City Council input.** The City Manager shall establish a consistent, transparent process that includes an early opportunity for City Council to set priorities, determine partners, and receive community input for the proposed development and redevelopment of City-owned land.
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- **Discuss City Council priorities.** The City Council seeks to achieve the maximum value (community benefits and/or revenue) for the use of City-owned property. Early in the development/redevelopment process and before issuing a solicitation for the development or redevelopment of City-owned land, the City Manager and City Council should engage in conversation and potentially review staff's proposed ranking matrix to ensure alignment on priorities for that project. Solicitations should be drafted in a broad enough manner that additional priorities are included and could become more important if market conditions or other circumstances change. The following City Council priorities and values should be considered for inclusion:
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- **Better Builder or equivalent.** Any construction project with a total project valuation of more than one-million dollars (\$1,000,000) should be certified by a third-party to verify that the construction project either complies with or exceeds the City requirements under the Better Builder Certification program or complies with or exceeds a similar program, if approved by ordinance.
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- **Minority-Owned and Women-Owned Business Enterprise Procurement Program.** Any construction project with a total project valuation of more than one-million dollars (\$1,000,000) should comply with the requirements of the City's Minority-Owned and Women-Owned

93 Business Enterprise Procurement Program in Chapters 2-9A, 2-9B, 2-9C,  
94 and 2-9D of the City Code.

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96 • **Living wages.** Commercial tenants on City-owned property should  
97 comply with the City’s living wage standards. Staff may offer alternative  
98 strategies for consideration by the City Council for nonprofit  
99 organizations or other industries that might provide separate community  
100 benefits.
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102 • **Revenue sharing.** Where feasible, the City Manager should provide  
103 revenue sharing as an option for consideration, such as those leases in  
104 existence for tenants of certain park facilities.
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106 • **Affordable housing.** Public land presents an unmatched opportunity to  
107 create affordable housing in parts of town where land costs are high.  
108 Target percentages should match what the Austin Housing Finance  
109 Corporation sets as a goal (85%) and incorporate deep levels of  
110 affordability (usually 50% or below). A significant share of the income-  
111 restricted units should be family-sized units (2- and 3-bedrooms), with an  
112 affirmative marketing plan to match larger units with households that  
113 need them. The project should incorporate the City’s standard source of  
114 income and tenant protections, as well as a preference policy for current  
115 and former residents with generational ties to the City.
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117 • **Family-friendly features.** Consistent with Resolution No. 20120301-051  
118 and Resolution No. 20210826-108, all new City facilities and City-  
119 sponsored projects oriented to the public should include family-friendly

120 features, such as creative play spaces, nature-based play areas, and  
121 interactive art spaces.  
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- 123 • **Affordable, high quality child care.** Consistent with Resolution  
124 20210826-108, new City facilities and City-sponsored projects, where  
125 appropriate, should include affordable, high-quality child care, especially  
126 child care facilities that serve infants and toddlers and accept vouchers.  
127 The City Manager shall work with United Way Success by Six and other  
128 professionals to articulate criteria for “affordable child care,” present this  
129 proposed definition to the Early Childhood City Council for  
130 recommendations, and then bring to City Council for approval by March  
131 1, 2023.  
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- 133 • **Determine partners.** The City Manager shall recommend a lead department  
134 or entity, along with supporting documentation. If the recommendation does  
135 not include the Austin Economic Development Corporation or Austin  
136 Housing Finance Corporation, the Manager should explain why. The  
137 Manager should be prepared to address whether staff conducted outreach to  
138 AISD or other public entities.<sup>2</sup>

- 139 • **Check back with City Council before releasing solicitations.** The City  
140 Manager shall provide City Council with the opportunity to review draft  
141 solicitations or the staff’s proposed ranking of priorities with sufficient time  
142 to allow the City Council to take action as a body if a vote is necessary.<sup>3</sup>

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<sup>2</sup> Multiple City reports and resolutions have directed the City Manager to pursue City/school district collaborations on facility use, including Resolution No. 20161103-045 and the Strategic Housing Blueprint.

<sup>3</sup> Some possible options could include allowing individual Council Members to sign non-disclosure agreements or to facilitate the conversation in executive session.

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- **Provide public with details.** The City Manager should structure RFPs, RFQs, and other solicitations so that project-specific details from proposals can be shared publicly prior to City Council making its selection.<sup>4</sup>
  - **Allow City Council to review agreements before approval.** In most instances, the City Manager should separate “negotiation” and “execution” phases of real estate transactions so that the City Council is not approving a document that has not yet been written.
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### 150 **Small City-owned Tracts**

- **Suggest options for smaller tracts.** The City Manager shall recommend policies for developing and using small tracts of City-owned land (e.g., less than 2 acres in size) that might help achieve the geographic dispersion of affordable housing and other City Council-adopted priorities. The City Manager shall report back to City Council on this issue by February 1, 2023.
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### 156 **Sales/Lease of City-owned property:**

- **Notify City Council.** Prior to beginning a solicitation process to sell or ground lease City-owned property, the City Manager shall notify the City Council, provide a rationale for the sale, and indicate which departments and public entities the staff have consulted with to determine their interest.<sup>5</sup>
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<sup>4</sup> For example, in a mixed-use development, details related to the number of units, bedroom mix, levels of affordability, revenue-sharing, proposed uses, and other community benefits should be made public prior to Council action. Nothing in this provision is meant to require the disclosure of proprietary information of a respondent.

<sup>5</sup> The City Manager may find it most efficient to notify Council on a quarterly or semi-annual basis about contemplated sales. This provision is not intended to include right-of-way sales, license agreements, and other, similar transactions.

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- **Favor ground-leases.** As a general policy, the City should seek to retain its property. If the City Manager recommends selling a facility or property to a non-City entity, the Manager must provide a rationale and a financial analysis illustrating the benefits.
  - **Ownership Favored Over Leasing.** As a general policy, the City should own its facilities and avoid becoming a tenant on long-term leases.<sup>6</sup> Staff already operate toward this goal; by June 1, 2023, the City Manager shall present City Council with an inventory of spaces leased by the City of Austin and a plan on phasing out such leases.
  - **Active Use of City facilities.** As a general policy, the City should avoid long-term vacancy and underutilization of the City’s real estate resources. If a property will stand vacant for more than 6 months, the Manager should consider hosting short-term uses, such as pop-up retail, art spaces, or other community uses that would not affect the long-term plans. Beginning on June 1, 2023, the City Manager shall prepare an annual report on vacant City-owned facilities and those defined as “under-utilized” based on a metric that staff develop.
  - **Leases of City-owned property.** The City Manager shall establish a fair, transparent, and openly competitive process for leasing City-owned facilities at below-market rates.<sup>7</sup> Such leases should identify expected community benefits and incorporate evaluation metrics. When appropriate, the lease should be short-term to provide opportunities for more organizations to access City resources and to help organizations build sustainable foundations
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<sup>6</sup> Council recognizes that the City Manager will need to enter into leases to meet immediate needs, to help improve basic services for Austin residents and customers of Austin’s enterprise departments, and other reasons.

<sup>7</sup> This provision is not intended to impact approved long-term leases.

184 without becoming reliant on long-term City support. The City Manager shall  
185 return to City Council with this recommended process by June 1, 2023.

186 **Austin Economic Development Corporation:**

- 187 • **Leverage this City-created resource.** Prior to initiating a solicitation, the  
188 City Manager shall review all planned development, redevelopment, sales,  
189 and leases with the Austin Economic Development Corporation to determine  
190 the entity's level of interest in collaborating on those projects. On a semi-  
191 annual basis, the City Manager shall report to the City Council the progress  
192 of such partnership, including offering the Austin Economic Development  
193 Corporation the ability to provide their direct feedback to the City Council  
194 as part of the report or briefing.

195 If the City Manager proposes that a more limited array of projects be  
196 discussed with the AEDC, then the Manager shall present the City Council  
197 with a more narrow description and associated action by May 1, 2023. The  
198 AEDC shall also be invited to provide their recommendations.

- 199 • **Explore partnering with the AEDC on specific, City Council-discussed**  
200 **redevelopment projects.** Prior to the posting deadline for the December 8,  
201 2023, meeting, the City Manager shall report on the status of the following  
202 City properties, all of which have been identified for redevelopment  
203 opportunities: 505 Barton Springs Road (One Texas Center), 124 W. 8<sup>th</sup>  
204 Street, 3002 Guadalupe, and 411 Chicon.

207 **Establishing Accurate Values:**

- 208 • **Obtain recent appraisals.** The City Manager shall recommend policies to  
209 insert into the solicitation process that would make adjustments to the total  
210 valuation of a property for transactions that extend for long periods of time  
211 or which would help the Council identify the value of community benefits  
212 embedded within a proposed transaction.
  
- 213 • **Right of Way Vacation and Encroachment and License Agreements.**  
214 Consistent with Resolution 20140807-092, public spaces such as alleys can  
215 represent significant long-term value for a growing city with significant  
216 needs for infrastructure and place making. Current code limits how the City  
217 can assign value. The City Manager is thus directed to review best practices,  
218 analyze and recommend procedural modifications, fee alternatives, and  
219 valuation options, and return with recommendations for City Council no  
220 later than May 1, 2023.
  
- 221 • **Transfers Between City Departments and City-Affiliated Entities.** When  
222 transferring real estate from a City-affiliated entity such as Austin Energy to  
223 a City department or vice versa, the general policy should be that the value  
224 of the property should be set no greater than the initial purchase price plus  
225 the costs of the maintenance of the property after such acquisition. The City  
226 Manager should include a rationale when recommending an alternative  
227 valuation.
  
- 228 • **Rezoning City-Owned Land.** As part of its initial due diligence for the sale  
229 or ground lease of City-owned land, the City Manager should recommend to  
230 the City Council whether the property should be rezoned prior to entering  
231 into an agreement with a third party.

232 **Partnerships:**

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- 237 • **Joint Uses and Collaboration.** As a general policy, the City should  
238 maximize the value and use of its City-owned land by seeking to use it for  
239 multiple purposes (and with multiple City or non-City entities) whenever  
240 appropriate.
  - 241 • **Develop Internal Policies.** The City Manager should develop policies and  
242 guidelines for internal use to help refine its assessment of the long-term real  
243 estate needs of the various departments and enterprises and to identify  
244 opportunities for joint use in future developments and redevelopments. As  
245 part of this policy framework, the City Manager should prepare an  
246 assessment of the various long-term real estate-related needs of the City,  
247 which should be updated on a quarterly basis.
  - 248 • **Collaboration with Other Entities.** The City Manager should regularly  
249 consult with other public entities, such as Travis County, Central Health, and  
250 the various public school districts to develop parameters for the  
251 consideration of potential partnerships on joint use facilities to serve overall  
252 community needs and land swaps, when appropriate.
  - 253 • **Single-Use Projects.** Prior to recommending to the City Council a project  
254 for the development or redevelopment of a single use on City-owned land,  
255 the City Manager should provide a memorandum to the City Council  
256 explaining the recommendation to proceed with a single use, including a  
general assessment of the unmet real estate needs of the City that were  
considered but not selected as a compatible joint use and whether any  
outreach efforts were made to Travis County and the applicable public  
school district for potential partnership.

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- **City-Owned Parking.** The City Manager shall recommend a parking management strategy that deploys a centralized management system or strategy to support the overall financial health of our City departments and enterprises and to align with parking-related goals in the City Council-approved policies such as the Austin Climate Equity Plan and Austin Strategic Mobility Plan.<sup>8</sup> The City Manager shall hire a consultant, if necessary, to study peer cities and to recommend the best mechanism to consolidate the City’s parking facilities, parking garages, and assets into one entity with the authority to leverage untapped parking supply and to standardize parking rates based on applicable laws, the most current competitive market conditions, and the need to cover costs for providing these services. The City Manager should report back to the City Council by June 1, 2023, with the progress of this study.

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271 **ADOPTED:** \_\_\_\_\_, 2022 **ATTEST:** \_\_\_\_\_

272 Myrna Rios

273 City Clerk

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<sup>8</sup> This provision does not suggest that all parking must be treated identically; rather, the City should deploy its parking in strategic ways to achieve stated objectives and as consistent with bond and financing requirements and applicable law. For example, parking rates set at the airport might diverge dramatically from parking rates set in Downtown Austin, due to various bond requirements, applicable laws, or strategic objectives.